1999 Annual Report

TEACHERS' RETIREMENT ALLOWANCES FUND

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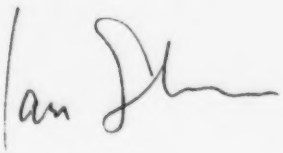
Honourable Drew Caldwell
Minister of Education and Training
Room 168, Legislative Building
Winnipeg, Manitoba
R3C OV8

April 17, 2000

Dear Minister,

I am pleased to submit the 1999 annual report of The Teachers' Retirement Allowances Fund of Manitoba, in accordance with Subsection 51(3) of The Teachers' Pensions Act.



Ian Sutherland
Chairman of the Board

Our Mission

We commit ourselves to administer the teachers' pension plan in a responsible and caring manner to assure a secure pension fund that will provide our members the benefits they have been promised and the information needed to make educated retirement decisions.

The Act

The Teachers' Retirement Allowances Fund (TRAF) and its Board exist under the authority of The Teachers' Pensions Act. The Act outlines the provisions of the pension plan for public school teachers in Manitoba. The current Act was passed in 1963 as Chapter T20 of the Consolidated Statutes of Manitoba and it includes amendments made up until 1998. The Teachers' Retirement Allowances Fund and its Board were originally constituted under an Act passed at the 1925 session of the Legislature.

The Board of Directors

The Board is composed of seven members including a Chair and Vice-Chair. All are appointed by the Lieutenant Governor in Council. Of the members of the Board, three are appointed from persons whose names are submitted to the Minister by the Manitoba Teachers' Society (MTS) and two from persons whose names are submitted to the Minister by the Manitoba Association of School Trustees (MAST).

Responsibilities of the Board of Directors

The Board is charged with responsibility for administering the Act and acting as trustee of the Fund. With respect to investments, the Board is responsible for the custody and safekeeping of the Fund's assets, preservation of the Board records, and maintaining adequate and proper accounts. To fulfill these responsibilities, the Board appoints a President and Chief Executive Officer and authorizes the appointment of management and staff, all of whom play an important role in the day-to-day operations of TRAF. The Board also appoints an actuary with the approval of the Lieutenant Governor in Council.

Investment Committee

The Investment Committee is led by the Board Chair and includes the Deputy Minister of Finance and a Board member representing teachers. In addition, a second Board member representing teachers is an observer member of the Investment Committee.

Responsibilities of the Investment Committee

As trustee of the Fund, the Board manages Fund assets as directed by the Investment Committee. The Investment Committee regularly reviews the Fund's portfolio and gives direction as to where the monies of the Fund are to be invested.

The Fund

TRAF manages the employee portion of defined benefit pensions for public school teachers in Manitoba. The employer portion of teachers' pensions is not funded; it is paid by the Province of Manitoba (the Province) on a pay-as-you-go basis. On December 31, 1999, the Fund had assets of $1,754 million invested in a diversified portfolio of equities and fixed income securities. TRAF had 14,409 active teacher members, 7,252 pensioners and approximately 6,500 former teachers with benefit entitlements.

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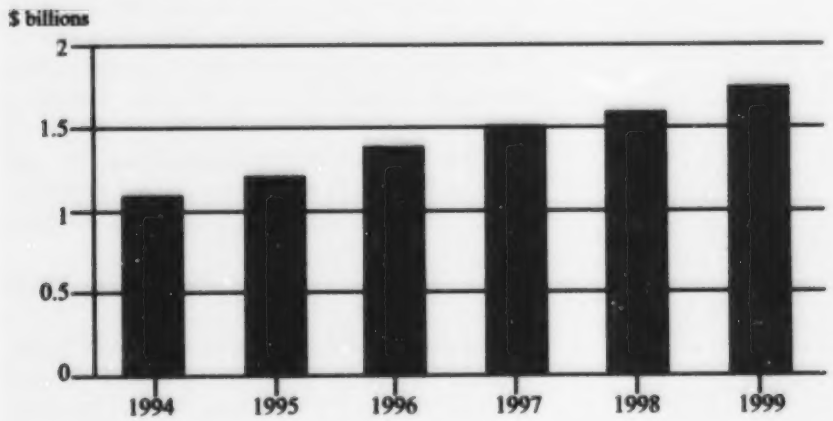
($millions)	1999	1998
Fund net assets	$ 1,755	$ 1,613
Investment return	170	109
Teacher contributions	45	44
Province of Manitoba Share of benefits paid	71	64
Pension payments	131	122
Investment return (percent)*	10.7%	7.7%
Pensioners and other recipients	7,252	6,857

*The investment return is before investment management fees and includes investment income, gains realized on the sale of investments, and the annual change in fair market value.

ACTUARIAL VALUATION - ACCOUNT A

($ millions)	Jan.1, 1998	Jan.1, 1996
Actuarial value of assets	$ 1,819.4	$ 1,569.6
Actuarial value of liabilities	1,775.5	1,540.8
Actuarial surplus	$ 43.9	$ 28.8

NET ASSETS AVAILABLE FOR BENEFITS
at December 31, 1999



INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS

($ millions)		1999	1998
Net assets available for benefits, start of year		$ 1,613	$ 1,524
Add:	Contributions	116	110
	Investment return	170	109
Deduct:	Pensions	(131)	(122)
	Other payments	(11)	(6)
	Administration	(2)	(2)
Net assets available for benefits, end of year		$ 1,755	$ 1,613

The Teachers' Retirement Allowances Fund Board had a busy and productive year. I am confident the service provided to our members continues to be top quartile compared with other Canadian pension plans. I am also confident that the merger of our investment management subsidiary, Mentor Capital Management Corporation with Greystone Capital Management Inc. will strengthen our investment management program to ensure that TRAF meets its long term investment objectives. Investment performance is critical to maintaining pension benefits at the minimum contribution levels. As stated last year, the rule of thumb is that 20% of pension benefits are funded by contributions while 80% result from the investment earnings on those contributions.

GOVERNANCE

Good pension fund performance starts with a clearly defined pension deal, clear accountabilities and effective governance. The Board developed a proposal to update and improve TRAF's governance. This proposal was endorsed by The Manitoba Teachers' Society and was received positively by both the current and the former Provincial governments. Given the general acceptance of our proposal, we expect changes to our Act this year. The Board recognizes the importance of investment policy and management and spent considerable time in 1999 evaluating our investment management options and developing our longer term investment policy statement.

INVESTMENT PERFORMANCE

The Fund's investment performance is critical to maintaining existing benefit levels at the minimum contribution rate. In 1999, the Fund earned a return of 10.7% which substantially exceeds the actuarial requirement. This excess return will help build our surplus position to ensure TRAF continues to meet its future obligation to active and retired teachers.

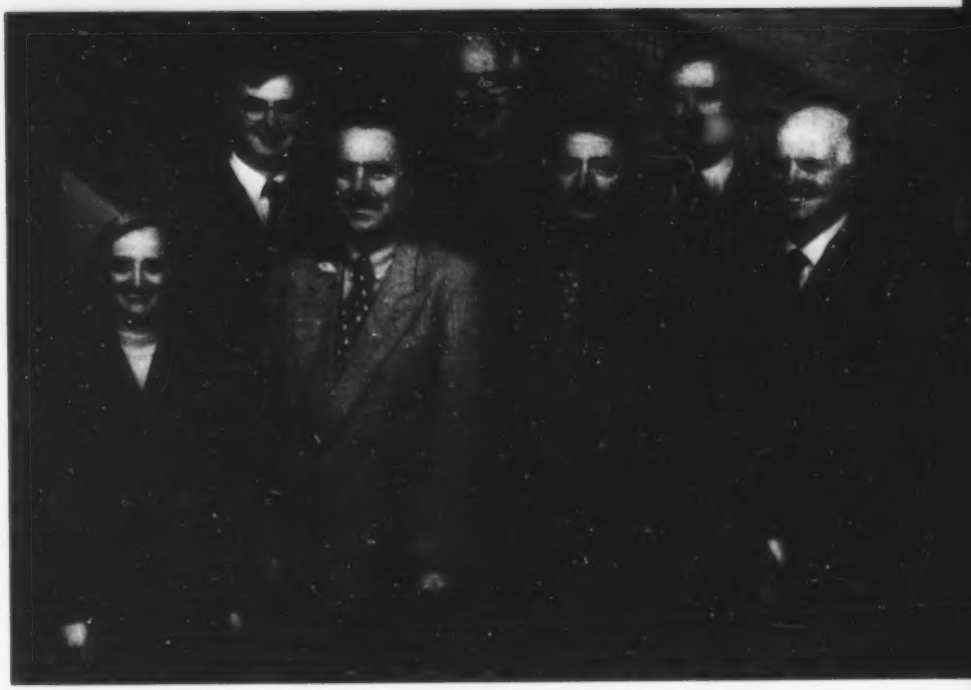
The Fund's performance of 10.7% ranked just below the median performance of 11.3% of the Comstat Balanced Fund Universe, reported by our independent performance measurement service. However, the return was 2.3% less than our target benchmark return.

The shortfall from the benchmark resulted from relative under-performance in Canadian bonds and U.S. equities offset in part by superior performance in Canadian and non North American equities.

The overall net assets of the Teachers' Retirement Allowances Fund increased 8.7% during the year to $1.75 billion.

COST OF LIVING PROTECTION

The Pension Adjustment Account (PAA), from which cost of living adjustments are provided, has continued to be of concern to the TRAF Board. Over the past year, TRAF has made sure that our partners and our members are fully aware of the inability of the PAA as it is currently structured, to provide reasonable protection to our pensioners against increases in the cost of living. Last April the TRAF Board recommended that the provision for crediting investment return to the PAA be amended to permit crediting the PAA with a more realistic rate of return. The necessity for this amendment has been demonstrated in 1999, as the current investment return crediting provision requires us to credit a negative rate of return to the PAA despite our overall positive investment performance. Unless action is taken to address this problem, no cost of living adjustment will be paid to pensioners this year. We are discussing this issue with the Province and The Manitoba Teachers' Society and hope some resolution will be forthcoming during the spring session of the legislature.



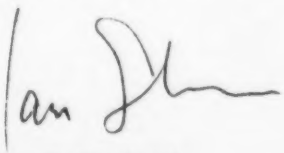
Back (l to r) : Bruce Chegus, Art Reimer, Cordell Barker
Front (l to r): Pat Isaak, Doug McGiffin, Bob Malazdrewich, Ian Sutherland

BOARD MEMBERS

I would like to express my appreciation to retiring Board members, Lorne Ross, Roy Schellenberg and Wilma Sotas who have diligently and effectively served TRAF for eleven, four and two years, respectively. They each worked hard to ensure that TRAF delivered on its promise to members. I would like to welcome Art Reimer and Pat Isaak as teacher representatives, Doug McGiffin as trustee representative, and Bob Malazdrewich, as citizen representative.

I would also like to thank James Oborne, former President and CEO of Mentor Capital Management Corporation, for twenty-one years of involvement in the investment management of the Fund including 16 years as Chair of TRAF's Board and Investment Committee and the latter five years as President and CEO of Mentor. It should be noted that Mentor's performance in the first half of 1999 was in the top 30% of Canadian pension funds. His wise and prudent acumen assisted me and the Investment Committee with meeting our objectives.

The future always holds new challenges, both anticipated and unforeseen. We are confident that we are continuing to move in the right direction to ensure our 28,000 teachers, former teachers and retired members, never have to question their trust in TRAF.



Ian Sutherland
Chairman of the Board

President's Report

How quickly a year passes! It seems just yesterday I was writing my first report just days after assuming this position. 1999 has been a year of transitions for TRAF. We think it has also been a year of significant accomplishments that will position TRAF well for meeting the needs of its members in the new millennium.

The first transition TRAF dealt with was a new CEO. The Board had determined that it needed a position that was responsible for the whole operation of TRAF. Previous Executive Directors had not been responsible for investment management since the late 80's. Entering this new position, I felt it was crucial that the Board and I were on the same page in terms of expectations. As a consequence, I presented my list of objectives for the year to the Board a month after commencing employment in this position. It concurred with the list and confirmed that number one on the list be a review of investment management. That decision gave direction to some of the most important and challenging decisions of the year.

Results of the investment management review suggested that we needed to reconsider our strategy in order to improve our investment return while restraining costs.

In 1993 the Board had decided to establish Mentor Capital Management Corporation to manage investments for TRAF and to hopefully attract other business as well. It was the Board's objective to have a significant ownership position in our investment manager and to share that ownership with other like-minded funds and the employees of the corporation. Unfortunately, TRAF was unable to find other funds interested in sharing in such a venture so decided to go it alone. After five years of experience it seemed an appropriate time to assess whether the venture was the direction in which we should be continuing.

The review demonstrated that our investment experience was less than totally satisfactory and that the objectives we had established in creating Mentor did not seem achievable. Exploring other options led us to consider another organization that had similar objectives in its creation and operation. An approach was made to Greystone Capital Management Inc. of Regina. Greystone had been created in the late 80's to manage the public sector pension and insurance funds in Saskatchewan. A review of their organization and their historic performance indicated that they had resolved their ownership structure, had an excellent record of investment performance and that they were interested in discussing a merger with Mentor. The terms of a merger agreement were successfully negotiated and on August 23, 1999 the transaction which saw the two companies merge as one was closed. The new company maintains an office in Winnipeg and operates under the name of Greystone Managed Investments Inc. TRAF owns 10.5% of the company and has one seat on its Board of Directors. We look forward to a positive investment management future in partnership with Greystone.

While the review and transition of investment management occupied substantial time and focus during the year, it was by no means the sole focus of our attention. As a Management Team we were heavily focused on maintaining the ongoing operations of TRAF while assessing our ability to meet the challenges of the ever increasing demands on our services as the "baby boom" generation of teachers approaches retirement age. The result has been a restructuring of our Finance and IT Teams as service demands and staff changes gave rise to opportunities to examine how we provide service in these areas. We have also undertaken a review of our Benefits Team and have made the first steps in assuring adequate staff to meet the upcoming needs. We anticipate further additions to our Benefits Team to satisfy those needs as the retirement bulge arrives in the next few years. In June we bade farewell to our Communications Coordinator. We were disappointed to lose a valued employee, but used the opportunity to assess our needs in the communications area. The result was a decision to make the position full-time (it was previously only 60%) and upgrade the compensation. We foresee the communications function assisting us greatly in meeting the information needs of teachers contemplating retirement in the next few years, as well as those who will be entering the profession.

With the need to add to staff and to expand our activities, there also came a need for additional space. Fortunately when TRAF first moved into the Johnston Terminal in the Forks in 1993, it had negotiated an option on additional adjacent space. We decided to exercise that option and began the process of planning the new space. We look forward to occupying that space in June 2000.

Early in 1999, TRAF presented its proposal to the Government of Manitoba and The Manitoba Teachers' Society for a new form of pension plan governance. We have received a positive reaction to the proposal from both the Society and the government. We look forward to working with the partners of the pension plan in bringing this new concept into being.

1999 has been a very good year. That which we have been able to accomplish has been thanks to the support of a dedicated Board. Late 1999 and early 2000 saw us say farewell to three Board members who contributed substantially and provided outstanding support to the work of TRAF. We acknowledge Wilma Sotas, Roy Schellenberg and Lorne Ross for their contributions to helping us achieve success in meeting the needs of our members. Special note needs to be made of the services of Lorne Ross who was the "citizen representative" on our board for the past eleven and one half years. We express our thanks to all three for their services in helping to assure retirement income security for teachers.

As always, we value the feedback we receive from our members and our plan partners. Please feel free to provide your evaluation of our services or suggest how we can better meet your needs.

Tom Ulrich
President and CEO

Providing Guidance along the Road to Retirement

At TRAF, our work begins when a member starts teaching, and we are here to help guide each member down their path to retirement by answering questions and addressing any concerns they may have along the way. We're here for you from your first day of service until well past your final day of service. Whether it is the Finance team which is responsible for the payment of pensions, collection of contributions and accounting for investments; the Benefits team which provides personal consultation, pre-retirement seminars and benefit information; Information Technology which is responsible for design and analysis of the pension administration systems, computer hardware and security; or our President and CEO who is directly involved in the investment management of the fund and the overall direction of the organization, each team depends on the other to achieve our organizational goal of meeting the needs of our members.

The following are the issues that were at the forefront of our concerns in 1999 and will continue to affect how we progress into the year 2000.

Pension Adjustment Account (PAA)

Last year we expressed our very serious concerns regarding the PAA and its inability to provide for future cost of living increases. One year later we are experiencing the accuracy of our prediction. We have brought this matter to the attention of the Province and the Manitoba Teachers' Society and are providing our encouragement and assistance to resolve this matter.

Funding the Liabilities of the Province

In 1963 the government of Manitoba implemented the modern pension plan for teachers. The Province agreed to pay its liabilities for one half of the teachers' pension when the payment became due. This arrangement made sense in the context of 1963, because the investment of the Fund was then limited to government bonds. This arrangement is beginning to have a significant impact on the finances of the Province as the "baby-boom" generation of teachers begins to retire. Immediate action is required to prevent the required cash flow from becoming an excessive drain on the Province's fiscal resources. The government has indicated that it will have a plan in place by July 2000 to address this matter. We are providing the government with whatever information and expertise we have available to assist in the development of a plan to finance their liabilities.

Changing Investment Climate

The overheated equity markets of the past few years have provided great returns for pension funds, but they have raised concern over the level of risk in investment portfolios. Bonds, which may be perceived to be less risky, have not provided a sufficient return to meet our actuarial requirement and are not expected to do so in the future.

Left to right: Les Brown (Director, Information Technology); Brenda Venuto, BA, CEBS (Director, Benefits); Dewar McKinnon, BA, CGA (Director, Finance & Treasurer); Tom Ulrich (President & CEO)

The Investment Committee, in ongoing contact with our investment manager, Greystone Managed Investments Ltd., and with the assistance of an independent consultant, are examining ways to maximize our return while maintaining reasonable levels of risk. The primary mechanism for investment risk management is through the diversification of our portfolio. The recent announcement by the Federal Government of a raising of the foreign content limit is giving us the opportunity for greater international diversification. We are confident that we will be able to continue to provide a return greater than that assumed by the actuary while not exposing the Fund to undue risk.

Increasing Service Demands - Benefits Department

Currently, there are over 4,300 teachers over the age of 50 in our membership and in the year 2000, approximately 525 of those teachers will reach the age of 55. This number will further increase to approximately 725 by 2002. TRAF is preparing to meet the increasing demands of our members as teachers approach retirement at an increasingly earlier age. In the last five years alone, the increase in service demands and pension information requests has grown considerably. For example, personal consultations and the number of teachers attending pre-retirement seminars have grown by 40% and 60% respectively. The number of pension estimates sent to teachers has grown by almost 75%. To ensure that we are prepared to meet the increases in service demands and enquiries, the Client Service team is focussing on improving communications, and training staff to best business practices. Currently the team responds to requests within five to 10 days throughout most of the year and is committed to provide complete, accurate and timely information to enable our members to make responsible and educated decisions about their TRAF pension.

Technology

Although our Y2K conversion plan was completed at the end of 1998, considerable monitoring was performed in 1999 to ensure a safe transition to the year 2000. The long awaited date change to the new millennium came and went without incident. TRAF's adoption of a 4-digit date policy and early implementation resulted in the delivery of uninterrupted service.

The leading edge of the "baby boomers" reached age 52 in 1999. As they approach retirement age, teachers become increasingly interested in receiving information about their future pension. In order to address their needs, TRAF is taking advantage of the latest advances in technology that will further aid in providing accurate and timely service to our members. One of these improvements will be to our website where we will include a French version, archived copies of our communications materials including newsletters and annual reports, and the addition of our Interactive Pension Estimator.

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Investment Policy

The Fund's Statement of Investment Policies and Goals describes the investment objectives for the Fund. The primary goal is to ensure that the assets of the Fund, together with expected teacher contributions, will continue to be invested in an effective and prudent manner. The Investment Committee provides authorities for the investment of the assets of the Fund, monitors compliance with the Statement of Investment Policies and Goals, and, subject to the conditions of the Act, reviews asset mix, investment and investment manager performance and the hiring/termination of investment managers.

Investment Manager

During 1999, TRAF merged its wholly owned subsidiary Mentor Capital Management Corporation with Regina-based Greystone Capital Management Inc. Greystone is a well-established company with an enviable record of growth in assets under management and an above average investment performance. With the merger, Greystone became TRAF's investment manager and TRAF gained a 10.5% ownership stake in the company. This merger brings together complementary investment expertise and makes Greystone the 11th largest manager of pension assets in Canada.

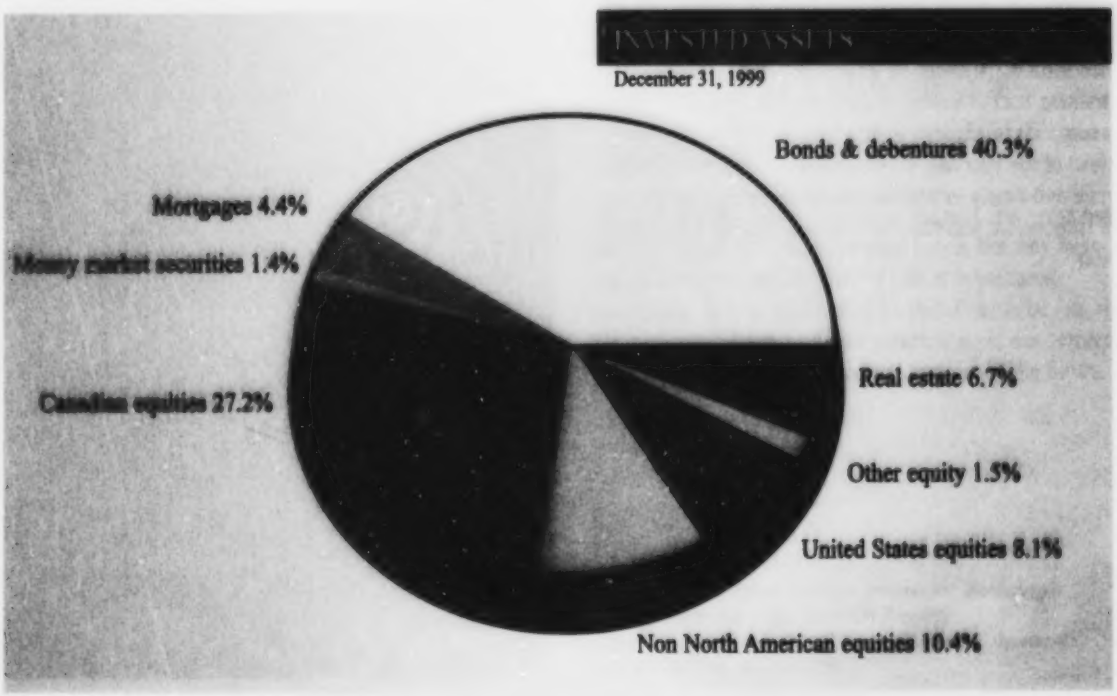
Investment Objectives

The overall investment objective of the Fund is to obtain the highest rate of return that is consistent with the requirement to invest in a prudent manner in accordance with generally accepted portfolio management standards and practice. The specific objectives for the Fund's performance over the long term are:

- to exceed the aggregate returns achieved by the Fund's index-based benchmark asset mix portfolio by 50 basis points,

- to exceed the median fund performance results achieved in a universe of comparable balanced funds as calculated by an independent provider of performance measurement services,

- to achieve a 3.75% rate of return above inflation.



Return

An investment return of 10.7% (1998 - 7.7%) increased the net assets available for benefits at December 31, 1999 by $169 million. The 1999 return exceeds the Fund's long term real rate of return objective of 3.75% plus inflation. The 10.7% return was below the Comstat median at 11.3% and the benchmark asset mix at 13.0%.

Fixed income investments

Fixed income investments, consisting of Canadian public and private bonds and mortgages, totalled $780 million or 44.7% of the invested assets as at December 31, 1999. This compares to $714 million or 41.4% as at December 31, 1998. The Fund's public and private bond portfolios and its mortgage portfolio each trailed both the Comstat median and benchmark returns during 1999. The total fixed income return was -2.14%.

Equity Investments

Equity investments include Canadian, Non North American and U.S. publicly traded equities, real estate and private equity. The Fund held $942 million in equities at December 31, 1999, as compared to $775 million at December 31, 1998. The Canadian equity portfolio returned 34.1% which exceeds the Comstat median of 26.0% and the benchmark return of 31.7%. Non North American equities with a return of 29.7% also exceeded both the median and the benchmark.

Money Market Securities

The Fund had $23 million or 1.4% of its investments in money market securities at December 31, 1999. This compares with $112 million or 7.0% for the previous year. The Fund achieved a 5.0% return on its money market investments in 1999. This return exceeded the Benchmark return and equalled the Comstat median return.

INVESTMENTS	Market Value Dec. 31, 1999 ($millions)	1999 Return %	Benchmark Return %	Comstat Median return %
Fixed income				
Bonds and debentures	$ 703	-2.7	-1.1	-1.1
Mortgages	77	2.5	2.7	3.8
Money market securities	23	5.0	4.7	5.0
Equities				
Canadian	475	34.1	31.7	26.0
Non North American	182	29.7	20.0	26.4
United States	141	7.0	14.2	12.5
Other	27	-12.3	31.7	-1.2
Real estate	117	11.8	13.2	9.7
Total	$ 1,745	10.7%	13.0%	11.3%

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- to exceed the aggregate returns achieved by the Fund's index-based benchmark asset mix portfolio by 50 basis points,
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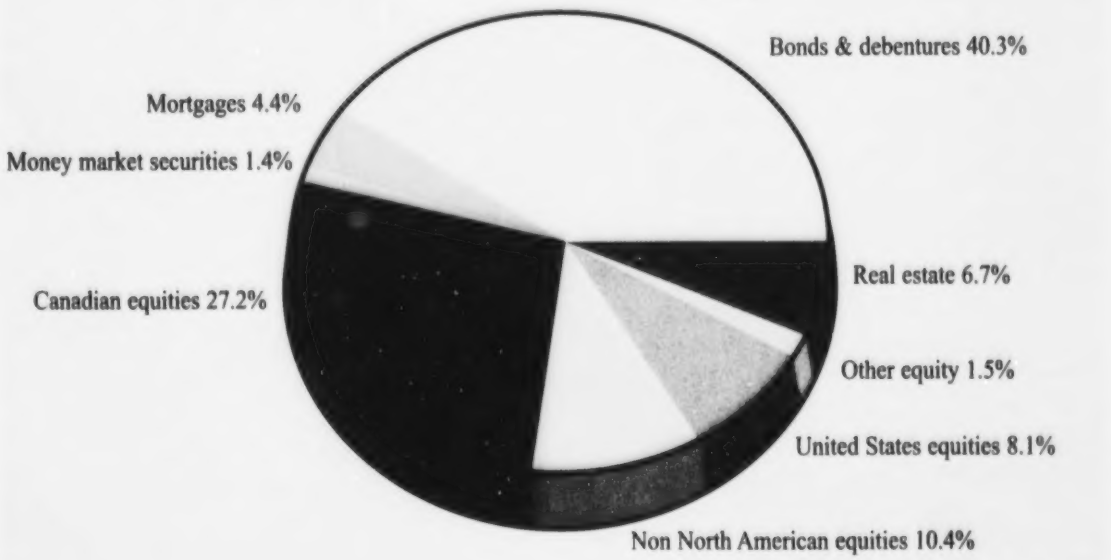
- to achieve a 3.75% rate of return above inflation.

INVESTED ASSETS

December 31, 1999



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Other	27	-12.3	31.7	-1.2
Real estate	117	11.8	13.2	9.7
Total	$ 1,745	10.7%	13.0%	11.3%

"Account A"

Subsection 45(4) of The Teachers' Pensions Act requires that an actuarial valuation be made at least once every three years. The most recent actuarial valuation was completed on January 1, 1998 by Aon Consulting Inc., the Actuary for the Fund.

The valuation is concerned only with the assets and liabilities attributable to "Account A". Essentially, "Account A" is supported by teacher contributions and investment earnings, and is responsible for the payment of one-half of the cost of pension benefits provided for under the Act, as well as the cost of administering the plan. The remaining one-half cost of pension benefits is billed to the Province when the pension payments are made.

The January 1, 1998 valuation produced a surplus in "Account A" of $43,869,600. The prior valuation, on January 1, 1996, produced a surplus of $28,778,600. The surplus increase is the net effect of experience gains and changes in assumptions as follows:

Experience gains:
- investment earnings exceeded the rate of 7.75% assumed in the 1996 valuation, and
- teachers' salaries increased at a rate which was lower than that assumed in the previous valuation.

Changes in assumptions:
- decreases in the assumed rate of future investment return and the long term inflation assumption have created an actuarial loss, and
- the assumption regarding the rate of future retirements has been increased.

The Actuary has also certified that, the value of Account A's assets would be greater than its share of the total actuarial liabilities if the Fund were to be terminated on the valuation date.

Pension Adjustment Account (PAA)

The Pension Adjustment Account exists under Section 49 of The Teachers' Pensions Act. The Act specifies the purpose of the account and how it is to function. The purpose of the account is to provide cost of living adjustments to teacher pensions. The account is credited with 16.4% of teacher contributions and investment income and is charged with one-half of the cost of living adjustments. The other one-half of the cost of living adjustment is paid by the Province on a pay-as-you-go basis.

Annual cost of living adjustments are the lesser of:

- the prior year change in the Consumer Price Index (CPI) for Canada; or

- the amount determined by the actuary that the PAA can support.

The Act specifies that investment income credited to the PAA be equal to the rate earned on mortgages, bonds and debentures in the Fund. When the PAA was established this represented a favourable return. However with the advent of market valuation and lower interest rates, the investment return on mortgages, bonds and debentures is inappropriate.

An actuarial valuation of the PAA is completed annually to determine what cost of living adjustment can be paid. The last valuation on December 31, 1998, showed an actuarial surplus of $5,439,473 which could only support a 0.78% increase on July 1, 1999 despite the Consumer Price Index for Canada increasing 1.02% in 1998.

In previous years, the Actuary had cautioned that there may not be sufficient funds available in the account to support full Consumer Price Index increases in the future. Unless structural changes are made, the PAA will not be able to provide full cost of living adjustments to teacher pensions.

TRAF Administration

1999 unfolded with TRAF continuing to meet the objectives of the organization by efficiently responding to service requests and meeting the demands of our members. During 1999, we maintained service, salary and contribution records for 14,409 active teacher members, and ensured that our 7,252 pensioners and their beneficiaries received their benefit entitlements. We are continuing to establish and maintain contact with approximately 6,500 former teachers who are also entitled to benefits. In addition, the foundation was laid for our long term communications strategy.

Some of the highlights of the year are as follows:

• We conducted 30 pre-retirement seminars throughout Manitoba. Of these, 14 were held in the rural areas. During the rural visits, TRAF Client Service Representatives (CSR's) met individually with 91 plan members to discuss their personal situations and to provide the answers to their pension questions. These pre-scheduled meetings were held during the day and evening prior to the pre-retirement seminar the following day.

1,805 individuals attended the seminars. A total of 3,266 pension estimates were generated for seminar attendees.

• Client Service Representatives met with 1,080 teachers for personal appointments at the TRAF office to discuss their TRAF pension options. Almost 20% of these appointments were handled during the spring break and Christmas break. On occasion, a Client Service Representative met with members who were unable to meet at our office for health reasons.

• 2,047 estimate packages were sent to teachers in response to their enquiries. This required that staff generate 3,272 different estimate calculations with many of the estimates taking into consideration different employment and retirement scenarios.

• We continue to respond to members' requests for information within an average turnaround time of five to 10 working days from receiving their request.

• French services continue to be offered through telephone enquiries, written correspondence and personal appointments.

• We continue to contact our deferred members. In total, we have located more than 4,000 former members out of 6,500 with benefit entitlements.

• TRAF distributed the first issue of the Connection, a publication geared toward the school division payroll officers. The purpose of this publication is to build and enhance existing working relationships with each school division.

TRAF participated in the New Teacher Orientation held by the Winnipeg School Division No. 1, where pension information was presented to new teachers.

As of December 31, 1999, 7,252 pension payments were made to former teachers and their beneficiaries. This represents a net increase of 395 from the prior year. Following is a summary analysis of the number and types of pensions being paid:

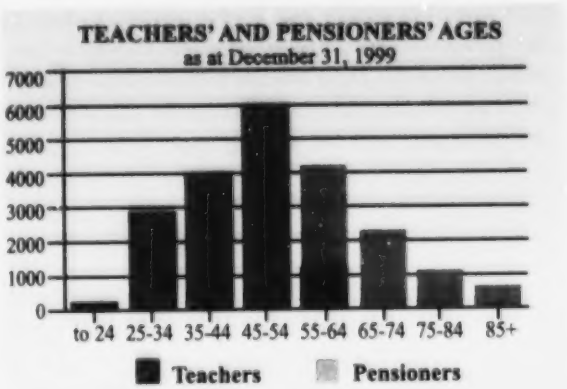
PENSIONS IN PAY	1999	1998	1990
Regular service pensions			
to retired teachers	6,422	6,062	4,005
to dependants or estates of deceased retired teachers	290	268	150
Disability pensions			
to retired disabled teachers	49	51	90
to dependants or estates of deceased retired disabled teachers	5	5	6
Death benefits			
to surviving spouses or children of deceased teachers	137	136	96
Special annuities	349	335	255
Total	7,252	6,857	4,602
Total Pension Payments (millions)	$ 131	$ 122	$ 58

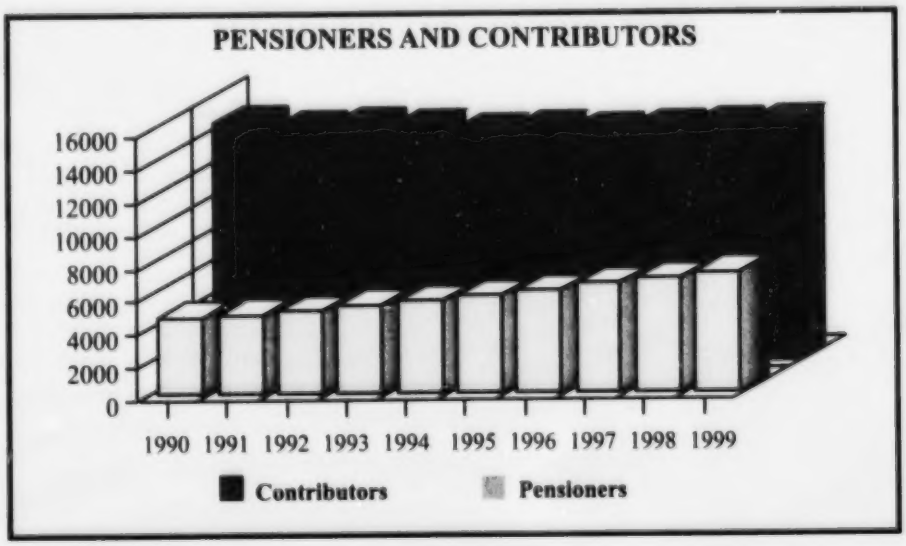
During 1999:
499 new pensions were granted (418 the previous year), 22 annuities (compared to 10 in 1997) initiated and 126 pensions deleted (123 the previous year).

Of those retiring in 1999:

- the average retirement age was 57 years, four months;
- 50% were age 55;
- 33% were age 56 to 59;
- 65% had more than 25 years of service.
- 66% chose a pension option having survivor benefits; and
- 12% integrated their pensions with OAS/CPP benefits.

The number of annual retirements is expected to continue to increase until at least 2003 when the leading edge of the "baby boomers" has reached age 55.





TRAF

TEACHERS' RETIREMENT ALLOWANCES FUND

The Financial Statements of the Teachers' Retirement Allowances Fund have been prepared by management, which is responsible for the integrity and fairness of the data presented, including amounts based on informed estimates and assumptions. The Financial Statements have been prepared in accordance with generally accepted accounting principles. Financial and operating data elsewhere in the Annual Report are consistent with the Financial Statements.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets are safeguarded and proper records maintained. These controls include high quality standards for hiring and training employees, an organizational structure that provides a well defined division of responsibilities and accountability for performance, and the communication of policies and guidelines throughout the organization.

Ultimate responsibility for the Financial Statements rests with the Board, assisted in its responsibilities by management and staff. The Fund's external auditor, the Provincial Auditor, has conducted an independent examination of the Financial Statements in accordance with generally accepted auditing standards, performing such tests and other procedures as considered necessary to express the opinion in the auditor's report. The Provincial Auditor has full and unrestricted access to the Board to discuss the audit and related findings as to the integrity of the Fund's financial reporting and the adequacy of internal control systems.

Tom Ulrich
President and
Chief Executive Officer

Dewar McKinnon, CGA
Director of Finance

March 13, 2000

Office of the Provincial Auditor

500-330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

To the Legislative Assembly of Manitoba
To the Members of the Teachers' Retirement Allowances Plan

We have audited the consolidated statement of net assets available for benefits of the Teachers' Retirement Allowances Fund as at December 31, 1999 and the consolidated statement of changes in net assets available for benefits for the year then ended. These consolidated financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statement present fairly, in all material respects, the net assets available for benefits of the Fund as at December 31, 1999 and the changes in net assets available for benefits and cash flows for the year then ended in accordance with generally accepted accounting principles.

James Martin

James M. Martin, CA
for the Provincial Auditor

Winnipeg, Manitoba
March 13, 2000

Consolidated Statement of Net Assets Available for Benefits

as at December 31, 1999

($ Thousands)	1999	1998
ASSETS		
Investments, Note 3	$ 1,744,907	$ 1,600,279
Investment income receivable	8,590	10,330
Contributions and other receivables, Note 4	9,080	8,452
Due from brokers	--	2,047
Cash	1,402	991
Capital assets	181	306
Prepaid expense	7	45
TOTAL ASSETS	1,764,167	1,622,450
LIABILITIES		
Accrued liabilities	2,940	3,060
Money purchase accounts, Note 6	389	442
Employer trust accounts, Note 7		
Manitoba Teachers' Society	4,506	4,181
Manitoba Association of School Trustees	286	274
Provision for Fund's share of employees' pension benefits, Note 8	1,542	1,708
TOTAL LIABILITIES	9,663	9,665
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,754,504	$ 1,612,785

Consolidated Statement of Changes in Net Assets Available for Benefits

for the year ended December 31, 1999

($ Thousands)	Account A		1999	1998
	Basic Benefits	Pension Adjustments	Total	Total
INCREASE IN ASSETS				
Contributions, Note 9	$ 109,454	$ 7,023	$ 116,477	$ 109,701
Net Investment income, Note 12	71,354	(2,151)	69,203	67,311
Current period change in fair value of investments, Note 13	100,497	–	100,497	41,687
Other income	63	–	63	35
TOTAL INCREASE IN ASSETS	281,368	4,872	286,240	218,734
DECREASE IN ASSETS				
Pensions paid	119,953	10,882	130,835	121,645
Refunds	8,311	–	8,311	5,786
Transfers under reciprocal agreements	3,094	–	3,094	263
General administration, Note 16	2,281	–	2,281	2,173
TOTAL DECREASE IN ASSETS	133,639	10,882	144,521	129,867
INCREASE IN NET ASSETS	147,729	(6,010)	141,719	88,867
BALANCE AT BEGINNING OF YEAR	1,513,576	99,209	1,612,785	1,523,918
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	**$ 1,661,305**	**$ 93,199**	**$ 1,754,504**	**$ 1,612,785**

for the year ended December 31, 1999

1. Description of Plan

The following description of the Teachers' Retirement Allowances Fund ("the Fund") plan is a summary only. For more complete information, reference should be made to The Teachers' Pensions Act ("the Act"), as amended.

(a) General

The Teachers' Retirement Allowances Fund Board was originally constituted under an Act passed at the 1925 session of the Legislature. The Board currently operates under the authority of The Teachers' Pensions Act. The Board is charged with responsibility for administering the Act and functions as trustee of a fund maintained to provide defined benefit pensions to public school teachers in Manitoba.

The Act provides for distinct and separate accounts in the Fund, known respectively as Account A and Account B. In Account A, the Fund records the net assets arising from teacher contributions and all payments of pensions, allowances and expenses. It also receives reimbursement for the Province's half of the pensions paid as a transfer from Account B. Account B records the receipt of the Province of Manitoba's payments for its share of pensions paid and certain other payments as described in the Act. Account B is reduced by transfers to Account A. The balance of Account B is reflected as receivable on the consolidated statement of net assets available for benefits (Note 4).

The Fund maintains separate trust accounts for the Manitoba Teachers' Society (MTS) and the Manitoba Association of School Trustees (MAST). Qualifying employees of these organizations are considered to be teachers for purposes of participating in the Fund. Employer obligations for benefits, in respect of these individuals, are funded through these separate trust accounts.

The Fund also keeps separate Money Purchase Accounts to hold other related funds on a trust basis.

(b) Funding

The Act requires all Manitoba public school teachers to contribute to the Fund on a basis related to their salary. Teachers contribute 5.7% on pensionable earnings up to the Canada Pension Plan's yearly maximum pensionable earnings (YMPE) and 7.3% on pensionable earnings in excess of the YMPE. In accordance with the Act, 83.6% of contributions are used to fund basic benefits and 16.4% of contributions are allocated to the Pension Adjustment Account for the purpose of indexing benefits.

In accordance with the Act, the Province of Manitoba contributes, on an annual basis, its share of pensions paid during the year and certain other statutory charges. The Province's liability for pension benefits, which is approximately $1.5 billion, is unfunded (Note 11).

(c) Retirement pensions

An unreduced pension is available at age 60, or as early as age 55 where combined age and service equals 80. Any reduction in pension is offset by a bridging benefit. Members are eligible to retire at age 55 with 10 years of service, provided that two of the years are within a 10 year period ending after 1984. All members must commence pension benefits no later than December 31 of the year the member turns age 69.

(d) Withdrawal refunds

Subject to lock-in provisions, refunds are available when an active member ceases employment.

(e) Death benefits

(i) Active teachers

Upon the death of an active teacher, a lump sum is payable to the estate or beneficiary based on pre 1985 contributions and interest and the commuted value of the post 1984 deferred pension. Spouses may elect to convert their lump sum benefit to a monthly annuity. Where the service is non-vested, the benefit payable is the contributions and interest accumulated in 1985 and later.

(ii) Pensioners

Upon the death of a pensioner, pension benefits continue to be paid to a beneficiary where a survivor option has been selected. A refund is payable to the estate or to the beneficiary of a pensioner where the pension has not been paid to the full extent of the member's contributions plus interest to the pension effective date.

(f) Other provisions

(i) Buy backs

Purchase of past service and reinstatement of refunded service is allowed, pursuant to the terms and conditions contained in the Act.

(ii) Marriage break up

Where marriages have broken up in 1984 or later, the spouse is entitled to one-half the value of the pension earned during the period of marriage pursuant to the terms and conditions contained in the Act.

(g) Cost of living adjustments

Pensions are adjusted annually by the lesser of the change in the Canada Consumer Price Index or the amount actuarially available in the Pension Adjustment Account to fund one half of the cost of living adjustment.

(h) Income taxes

The Teachers' Retirement Allowances Fund is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes. The Fund's registration number is 0273698.

2. Significant Accounting Policies

(a) Consolidated financial statements

These financial statements consolidate the operating results of the Fund for the year and of its wholly owned subsidiary, Mentor Capital Management Corporation to August 22, 1999. On August 23, 1999, the Fund sold its shares of Mentor to Greystone Capital Management Inc..

(b) Basis of presentation

The consolidated financial statements of the Fund are prepared on a going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. The statements are prepared to assist teachers and others in reviewing the activities of the plan during the year.

The Fund's financial statements are prepared in accordance with generally accepted accounting principles.

(c) Investments

Investments are stated at fair value on a trade date basis.

Publicly traded investments are stated at year end market prices as listed on the appropriate exchange, or as provided by the Fund's custodian from independent outside sources.

Mortgages are stated at market value based on the present value of future cash flows.

Money market securities are recorded at cost which approximates market.

Private investments such as private debt and other equity are valued by the external manager or are held at cost where no previous valuation has been prepared.

Real estate market values are based on the most recently available external management valuations or appraisals of the underlying properties or held at cost where no previous valuation has been prepared.

(d) Foreign currency translation

The market values of investments and cash balances denominated in foreign currencies are translated into Canadian dollars at the rates in effect at year end and the resulting change is included in the current period change in fair value of investments.

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. The foreign exchange on revenue and expense transactions is included in investment income.

(e) Forward contracts

Forward contracts are valued at the estimated amounts that the Fund would receive or pay to terminate the contracts at the reporting date. Gains or losses on forward contracts are recognized with the current period change in fair value of investments.

(f) Provision for Fund's share of employees' pension benefits

Employees of The Teachers' Retirement Allowances Fund are pensionable under The Civil Service Superannuation Fund. The Teachers' Retirement Allowances Fund accrues a liability for the employer share of the employees' pension benefits, including future cost of living adjustments, based on an actuarial report.

(g) Capital assets

Computer equipment, office equipment and software acquisitions are capitalized and amortized on a straight line basis over five years.

3. Investments, at Fair Value

($ Thousands)	1999	1998
Bonds and debentures	$ 703,212	$ 612,813
Mortgages	76,727	100,805
Money market securities	23,417	112,223
Equities		
Canadian	474,754	384,381
Non North American	181,483	113,997
United States	141,088	136,840
Other	26,763	30,826
Real estate	117,463	108,394
	$ 1,744,907	**$ 1,600,279**

4. Contributions and Other Receivables

($ Thousands)	1999	1998
Account B	$ 5,930	$ 5,462
Teacher contributions	2,948	2,952
Other receivables	202	38
	$ 9,080	**$ 8,452**

5. Risk Management

The Fund follows a balanced fund asset mix strategy to earn the best possible investment return at an acceptable level of risk.

(a) Interest rate and market risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities.

The value of the Fund's investments is affected by changes in nominal short term interest rates and their impact on equity markets. Assuming a parallel change in long and short term yields, a 1% increase in interest rates would have the effect of decreasing the value of fixed income investments by 6.3%.

Pension liabilities are exposed to the long term expectation of real rate of return on the investments as well as expectations of inflation and salary escalation. Holding all other actuarial assumptions constant, a 1% decrease in the assumed long term rate of return would result in a 13% increase in the pension liabilities of Account A.

The value of certain investments is also affected by the existence of limited secondary markets.

To manage interest rate and market risks, the assets of the Fund are invested to ensure a prudent level of diversification by type of security, geographic location and by industry.

(b) Credit risk

Credit risk arises from the potential for an investee to fail or for a counterparty to default on its contractual obligations to the Fund.

The Fund limits credit risk by dealing with counterparties that are considered to be of high quality, by obtaining collateral where appropriate, through investment diversification and by setting and monitoring compliance with portfolio guidelines.

(c) Foreign currency risk

Foreign currency exposure results where investments are denominated in a foreign currency.

A forward is a contractual obligation either to buy or sell a specified amount of foreign currency at a predetermined future date and exchange rate.

The Fund, through its external investment portfolio managers, takes trading positions in currencies with the objective of increasing returns. At December 31, 1999, the Fund held $15,920,000 (1998 - $24,661,000) in forward contracts with net unrealized gains of $329,000 (1998 - net unrealized losses $114,000).

for the year ended December 31, 1999

6. Money Purchase Accounts

Separate money purchase accounts have been established for persons transferring amounts to the Fund in accordance with the Act. These accounts are maintained separately from the Fund's other activities. The individual accounts earn investment income, less an administration fee of 1% of the average balance in the account during the year. On the written direction of the individual, the accumulated amount of the individual's account is transferred out to a Locked in Retirement Account or into the Fund's Account A for initiation of a lifetime annuity.

($ Thousands)	1999	1998
Balance at beginning of year	$ 442	$ 360
Deposits	16	195
Investment income	18	19
Transfer for basic benefits	(59)	(19)
Transfer to Locked In Retirement Account	(24)	(109)
Administration fee	(4)	(4)
Balance at end of year	**$ 389**	**$ 442**

7. Employer Trust Accounts

The Fund maintains separate trust accounts for the employer obligation for pension benefits in respect of MAST and MTS employees who are members of the Fund. The trust accounts receive the employer contributions and investment income and are charged with the employer share of pensions paid.

(a) Manitoba Teachers' Society Trust Account

($ Thousands)	1999	1998
Balance at beginning of year	$ 4,181	$ 3,937
Contributions	68	101
Investment income	435	292
Pension payments	(178)	(149)
Balance at end of year	**$ 4,506**	**$ 4,181**

(b) Manitoba Association of School Trustees Trust Account

($ Thousands)	1999	1998
Balance at beginning of year	$ 274	$ 268
Contributions	7	6
Investment income	28	19
Pension payments	(23)	(19)
Balance at end of year	**$ 286**	**$ 274**

8. Provision for Fund's Share of Employees' Pension Benefits

($ Thousands)	1999	1998
Balance at beginning of year	$ 1,708	$ 1,764
Benefits accrued	60	57
Interest accrued on benefits	(162)	141
Benefits paid	(64)	(254)
Balance at end of year	**$ 1,542**	**$ 1,708**

The valuation of the pension obligations as at December 31, 1998 was conducted by Ellement and Ellement Ltd., consulting actuaries. The key actuarial assumptions were a rate of return of 7% (1995 - 7.5%), 3% inflation (1995 - 3.75%), salary rate increases of 4.5% (1995 - 5.5%) and post retirement indexing at 2/3 of the inflation rate. The entry age normal actuarial cost method was used and the liabilities have been extrapolated to December 31, 1999 using a formula provided by the actuary.

9. Contributions

($ Thousands)	1999	1998
Teachers	$ 44,954	$ 43,807
Transfers from Account B		
Share of benefits charged	69,603	62,017
Other statutory charges	1,670	1,669
Transfers under reciprocal agreements	191	2,189
Transfers from money purchase accounts	59	19
	$ 116,477	**$ 109,701**

for the year ended December 31, 1999

10. Actuarial Valuations

The Teachers' Pensions Act, sub section 45(4), requires an actuarial valuation of the Fund at least every three years. The most recent actuarial valuation of Account A (excluding the Pension Adjustment Account) was completed as at January 1, 1998 by Aon Consulting Inc., consulting actuaries. The Province of Manitoba also engaged Aon Consulting Inc. to conduct an actuarial valuation of its liability for accrued pension benefits under The Teachers' Pensions Act as at January 1, 1998. The unit credit actuarial cost method was used for both valuations.

The assumptions used in determining the actuarial value of benefits accrued for service to date for Account A and Account B were developed by reference to expected long term market conditions. The significant long term actuarial assumptions used in the valuations were:

	1998 to 2000	after 2000	1996
			Account A only
Annual rate of return			
(a) inflation component	2.00%	3.25%	4.00%
(b) real rate of return	5.00%	3.75%	3.75%
	7.00%	7.00%	7.75%
Annual salary escalation rates			
(a) General increases:			
(i) inflation component	2.00%	3.25%	4.00%
	1998 to 2010	after 2010	1996
(ii) real salary gain component	0.00%	0.75%	0.00%

(b) the rates used for service, qualification and promotional increases vary by gender and age groupings from a high of 4.95% to a low of 0.25% (no change from 1996).

The actuarial valuation of Account A (excluding the Pension Adjustment Account) as at January 1, 1998 disclosed a surplus of $43,869,000 (1996 - $28,778,600). Account A reflects only the teachers' portion of the accrued pension benefits.

The actuarial present value of the Province's accrued pension benefits liability (Account B) was calculated at $1,352,197,400 for service to January 1, 1998.

The Pension Adjustment Account is actuarially valued each year to determine the amount available to fund one half of any cost of living increase. The December 31, 1998 actuarial report, prepared by Aon Consulting Inc. disclosed a surplus of $5,439,473 (1997 - $4,400,904). The actuarial assumption used in the 1998 report for the rate of interest expected to be earned on the account was 6.0% (1997 - 6.75%). The rate of interest used to determine the liability for the cost of living benefits of Account B was 7%.

11. Accrued Pension Benefits

(a) Basic benefits

The present value of accrued pension benefits - Account A (excluding the Pension Adjustment Account), for service to January 1, 1998, was determined from the actuarial valuation referred to in Note 10. The present value of accrued pension benefits - Account B (excluding cost of living adjustments which are shown in (b) below) was determined from the separate actuarial valuation conducted for the Province of Manitoba at the same date. Identical assumptions were used in both valuations except in calculating cost of living liabilities. The present value of accrued pension benefits has been extrapolated from January 1, 1998 to December 31, 1999, using a formula developed by the actuary.

($Millions)	Account A	Account B	1999 Total	1998 Total
Estimated actuarial present value of accrued pension benefits for service to beginning of year	$ 1,376	$ 1,342	$ 2,718	$ 2,557
Interest accrued on benefits	96	92	188	177
Benefits accrued	46	42	88	87
Benefits paid	(62)	(59)	(121)	(103)
Net increase in accrued pension benefits	80	75	155	161
Estimated actuarial present value of accrued pension benefits for service to end of year	**$ 1,456**	**$ 1,417**	**$ 2,873**	**$ 2,718**

The estimated actuarial present value of accrued pension benefits in Account A is the Fund's obligation, while Account B represents the Province's obligation. The Account B liability for basic benefits is unfunded.

b) Pension adjustments (cost of living)

The present value of accrued pension adjustments has been extrapolated to December 31, 1999, using a formula developed by the actuary.

($Millions)	Pension Adjustment Account	Account B Cost of Living	1999 Total	1998 Total
Estimated actuarial present value of accrued pension adjustments at beginning of year	$ 94	$ 87	$ 181	$ 176
Interest accrued on benefits	6	6	12	12
Benefits accrued	5	5	10	10
Change in assumptions	–	–	–	5
Benefits paid	(11)	(11)	(22)	(22)
Estimated actuarial present value of accrued pension adjustments at end of year	**$ 94**	**$ 87**	**$ 181**	**$ 181**

Effective July 1, 1999, the Board approved the payment of a 0.78% (1998 - 0.73%) pension adjustment. The Account B liability for cost of living adjustments is unfunded.

for the year ended December 31, 1999

12. Investment Income

($Thousands)	1999	1998
Bonds and debentures	$ 38,962	$ 37,608
Mortgages	6,541	8,200
Money market securities	3,417	5,455
Equities		
Canadian	9,347	8,162
Non North American	3,423	2,574
United States	1,493	1,680
Other	524	1,532
Real estate	9,241	5,976
Gross investment income	$ 72,948	$ 71,187
Less: Transfer to money purchase accounts, Note 6	(18)	(19)
Transfer to employer trust accounts, Note 7	(463)	(311)
Investment related expenses, Note 16	(3,426)	(3,405)
Transfer for Fund's share of employees' pension benefits, Note 8	162	(141)
Net investment income	**$ 69,203**	**$ 67,311**

13. Current Period Change in Fair Value of Investments

($ Thousands)	1999	1998
Net realized gain on the sale of investments	$ 80,354	$ 13,007
Net unrealized foreign currency gains (losses)	(23,044)	15,313
Net unrealized market appreciation	43,187	13,367
Current period change in fair value of investments	**$ 100,497**	**$ 41,687**

14. Related Party Transactions

a) Investments with the Province of Manitoba

($Thousands)	Bonds	Short Term	1999 Total	1998 Total
Balance, beginning of year	$ 15,045	$ --	$ 15,045	$ 32,067
Purchases	9,960	89,893	99,853	83,987
Sales	4,000	89,893	93,893	100,895
Current period change in fair value	(1,769)	--	(1,769)	(114)
Interest income	1,340	236	1,576	2,017
Balance, end of year	19,236	--	19,236	15,045

b) Investment management services

The Fund owns 10.5% of Greystone Capital Management Inc., whose subsidiary Greystone Managed Investments Ltd. provides investment management services to the Fund on a fee for service basis. Investment management fees paid during the year were $572,011.

15. Commitments

As at December 31, 1999, the Teachers' Retirement Allowances Fund had outstanding investment commitments totalling $24.5 million (1998 - $34.1 million).

16. Administrative Expenses

($ Thousands)	1999			1998		
	General Admin.	Investment Related (Note 12)	Total	General Admin.	Investment Related (Note 12)	Total
Salaries and benefits	$ 1,236	$ 764	$ 2,000	$ 1,078	$ 1,316	$ 2,394
Investment management	--	2,428	2,428	--	1,563	1,563
Office and administration	374	165	539	413	381	794
Actuarial fees	45	--	45	58	--	58
Custodial and banking	272	--	272	326	--	326
Communication and travel	85	37	122	81	74	155
Professional fees	216	14	230	173	42	215
Board expenses	53	18	71	44	29	73
Total	**$ 2,281**	**$ 3,426**	**$ 5,707**	**$ 2,173**	**$ 3,405**	**$ 5,578**

General administration reflects the cost of administering the Fund. Investment related expenses consist of operating expenses of Mentor Capital Management Corporation to August 22, 1999 and fees paid to external investment managers including Greystone Managed Investments Ltd.

Schedule of Investments

as at December 31, 1999

Bonds and Debentures	Interest Rate (%)	Maturity Date	Market Value ($Thousands)
Federal			
Canada	5.250	01-Dec-2001	$ 49,825
Canada	5.500	01-Sep-2002	24,150
Canada	7.250	01-Jun-2003	4,448
Canada	6.000	01-Sep-2005	39,437
Canada	5.500	01-Jun-2009	39,672
Canada	5.500	01-Jun-2010	151,823
Canada	8.000	01-Jun-2023	3,678
Canada	5.750	01-Jun-2029	119,146
			432,179
Provincial			
Province of British Columbia	5.250	01-Dec-2006	9,274
Province of British Columbia	6.250	01-Dec-2009	1,580
Province of British Columbia	5.700	18-Jun-2029	2,878
Hydro Quebec	5.500	15-May-2003	7,768
Province of Manitoba	7.875	07-Apr-2003	3,132
Province of Manitoba	5.650	15-Jul-2004	4,850
Province of Manitoba	9.375	15-Nov-2004	6,714
Province of Manitoba	5.250	02-Mar-2009	4,540
Province of New Brunswick	5.250	02-Jun-2009	4,520
Province of New Brunswick	6.000	27-Dec-2017	5,544
Province of Ontario	8.000	11-Mar-2003	21,764
Province of Ontario	7.750	24-Jul-2006	3,720
Province of Ontario	5.700	01-Dec-2008	6,601
Province of Ontario	6.150	01-Apr-2009	6,696
Province of Ontario	6.200	19-Nov-2009	8,088
Province of Ontario	6.500	08-Mar-2029	17,735
Province of Quebec	6.500	01-Oct-2007	9,890
Province of Quebec	6.000	01-Oct-2029	3,548
Province of Saskatchewan	5.500	02-Jun-2008	5,572
			134,414
Municipal			
Municipal Finance Authority of BC	5.500	24-Mar-2008	11,113
Peel, Ontario	8.000	16-Sep-2002	3,120
			14,233
Corporate			
Associates Cap	5.550	02-Jun-2003	4,597
Bank of Nova Scotia	10.350	19-Jul-2001	5,198
Bank of Nova Scotia	5.750	12-May-2014	3,581
Bell Canada	6.150	15-Jun-2009	5,714
Bombardier Inc	6.400	22-Dec-2006	2,939
Canadian Pacific Ltd	6.650	01-Jun-2005	2,493
Canadian Tire Corp	5.700	09-Jun-2008	2,131
CIBC Visa	5.510	21-Jun-2003	9,661
GMAC	5.500	07-Apr-2003	4,828
GMAC Financial	6.050	16-Sep-2002	19,763
H407 International	6.050	27-Jul-2009	6,789
Hollis Rec Trust	6.205	21-Sep-2004	1,660
Merrill Lynch	6.500	18-Nov-2002	2,249
NAV Canada	6.600	01-Dec-2006	4,004
NHA MBS Royal Bank	5.375	01-Oct-2002	7,146
NHA MBS Royal Bank	5.125	01-Jan-2003	5,464
Royal Bank	5.400	12-Apr-2009	4,774
Toronto Airport Authority	5.400	03-Dec-2002	3,309
Toronto Airport Authority	5.950	03-Dec-2007	4,551
Transcanada Pipeline	5.840	27-Jun-2008	6,433
Westcoast Energy	5.700	16-Apr-2008	2,318
			109,602
Private			
Penfund Capital	7.51-13.46	2001-2003	9,798
Nova Gas Clearinghouse	6.375	31-Mar-2000	1,983
			11,781
Investments under $1 Million			1,003
Total Bonds and Debentures			**$ 703,212**

Mortgages

	Location	Market Value ($Thousands)
Insured		
	Manitoba	$ 5,461
	Saskatchewan	139
	British Columbia	2,867
	Ontario	8,148
		16,615
Conventional		
	Manitoba	15,240
	British Columbia	5,176
	Ontario	17,143
	Alberta	21,865
	Nova Scotia	688
		60,112
Total Mortgages		**$ 76,727**

Money Market Securities

	Maturity Date	Market Value ($Thousands)
Treasury Bills		
Federal Business Development Bank	24-Jan-2000	$ 3,950
Government of Canada	30-Mar-2000	4,284
Government of Canada	07-Dec-2000	2,364
Province of Alberta	14-Feb-2000	3,156
Province of BC	21-Feb-2000	1,680
		15,434
Bankers Acceptances		
Bank of Nova Scotia	14-Jan-2000	2,266
		2,266
Corporate Paper		
King Street TR	07-Feb-2000	1,388
		1,388
Investments under $1 million		4,329
Total Money Market Securities		**$ 23,417**

Schedule of Investments

as at December 31, 1999

Canadian Equities

	Market Value ($Thousands)
Bank of Montreal	$ 11,518
Bank of Nova Scotia	23,863
Barrick Gold Corp	8,427
BCE Inc	47,249
Bombardier Inc	22,035
C-MAC Industries Inc	18,868
Cameco Corp	9,900
Canwest Global Communication	3,278
Canadian National Railway	11,623
Canadian Natural Resources	12,254
Celestica Inc	28,411
Cinram Intl Inc	3,008
Dofasco Inc	7,057
Donohue Inc	8,332
Enerflex Systems	6,332
Imasco Ltd	20,558
Intertape Polymer	5,756
Ipsco Inc	11,782
Loblaw Cos Ltd	7,632
Magellan Aerospace	3,811
Magna Intl Inc	9,970
Micrologix Biotech	1,643
Nortel Networks	47,242
North West Company Fund	15,533
Northrock Resources	2,783
Penn West Pete Ltd	6,350
Petro-Canada	9,053
Power Corp of Canada	8,774
Power Financial Corp	11,532
Quebecor Inc	8,736
Quebecor Printing	8,395
Royal Bank of Canada	19,011
Royal Group Tech	9,258
Sears Canada Inc	16,092
Shaw Industries Ltd	5,375
St. Laurent Paperboard	9,023
Toronto Dominion Bank	13,458
	473,922
Investments under $1 million	832
Total Canadian Equities	**$ 474,754**

Non North American Equities

	Market Value ($Thousands)
American Express Asset Mgmt	$ 81,280
Templeton Management Ltd	100,203
Total Non North American Equities	**$ 181,483**

United States Equities

	Market Value ($Thousands)
Brinson Partners Inc	$ 61,307
Goldman Sachs	79,781
Total United States Equities	**$ 141,088**

Other Equities

	Market Value ($Thousands)
CAI Capital Partners	$ 3,076
Canadian Home Income Plan	3,588
Ensis Corporation	1,288
Livingston International	1,700
MDS Health Capital Corp	5,514
MDS Health Pension Corp	3,172
MDS Health Ventures Inc	1,742
Neuroscience Partners	2,084
	22,164
Investments under $1 million	4,599
Total Other Equities	**$ 26,763**

Real Estate

	Market Value ($Thousands)
8081 Lougheed Hwy	$ 7,716
Aset Management Inc	14,000
Dalhousie Station	4,240
Enterprise Street	4,104
Pensionfund Realty Ltd	74,619
Summerlea Clark Road	9,704
	114,383
Investments under $1 million	3,080
Total Real Estate	**$ 117,463**

Corporate Directory

BOARD OF DIRECTORS

Ian Sutherland, Chair
Cordell Barker, Vice-chair
Bruce Chegus
Pat Isaak
Bob Malazdrewich
Doug McGiffin
Art Reimer

INVESTMENT COMMITTEE

Ian Sutherland, Chair
Pat Gannon, Deputy Minister of Finance
Art Reimer, Teacher member
Pat Isaak, Teacher observer

INVESTMENT MANAGEMENT

Greystone Capital Management Inc.

PERFORMANCE MEASUREMENT

Comstat Capital Sciences

MANAGEMENT

Tom Ulrich
President and Chief Executive Officer

Dewar McKinnon
Director of Finance and Treasurer

Les Brown
Director of Information Technology

Brenda Venuto
Director of Benefits

ACTUARY

Aon Consulting Inc.

AUDITOR

The Provincial Auditor of Manitoba

LEGAL COUNSEL

Civil Legal Services SOA
Tupper & Adams

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